

1962 Annual Report FOOD FAIR PROPERTIES, INC.

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## OFFICERS AND DIRECTORS

SAMUEL FRIEDLAND, President and Director  
JACK M. FRIEDLAND, Vice President and Director  
RALPH BIERNBAUM, Vice President and General Manager  
SAMUEL STEIN, Treasurer  
EDWARD MANN, Secretary  
GEORGE FRIEDLAND, Director  
HESS KLINE, Director  
WILLIAM G. KURTZ, JR., Director  
MYER B. MARCUS, Director  
WILLIAM G. McKNIGHT, JR., Director  
ARTHUR ROSENBERG, Director  
LOUIS STEIN, Director and Chairman of Finance Committee  
LEOBE CHAIMSON, Assistant Secretary  
NORMAN M. KRANZDORF, Assistant Secretary

**EXECUTIVE OFFICES**  
2223 East Allegheny Avenue  
Philadelphia 34, Pennsylvania

**GENERAL COUNSEL**  
Stein, Kripke & Rosen  
522 Fifth Avenue, New York, N. Y.

**TRANSFER AGENT**  
Registrar & Transfer Co.  
15 Exchange Place, Jersey City, N. J.

# HIGHLIGHTS

	1962	1961
Total income.....	(Year Ended December 31)	
Cash flow**	\$8,276,614	\$7,058,265
(including land sale profits).....	\$2,413,206	\$2,374,301
Cash flow**	\$2,377,766	\$1,852,843
(excluding land sale profits).....	\$1,214,967	\$ 902,672
Permanent mortgage amortization	\$2,072,611	\$1,655,084
paid from cash flow.....	\$ 175,281	\$ 363,009
Depreciation charged to expense.....		
Net income.....	34	29
Number of centers		
in full operation.....	4	8
Number of centers in partial		
operation or under construction.....	5,000,000	4,000,000
Gross rentable area in operation.....	sq. ft.	sq. ft.

\*Represents net income plus depreciation and deferred taxes on income

1962  
Annual  
Report  
FOOD FAIR  
PROPERTIES  
INC.

## TO OUR SHAREHOLDERS:

In 1962, Food Fair Properties successfully brought to a close the first phase of its major regional shopping center construction program. Progress was also made on the second phase of the program, involving development of regional centers in various parts of the country in conjunction with department stores. Rental income continued its steady rise and cash flow reached a new all-time peak. There were 34 shopping centers in full operation at the 1962 year end, including six regionals. Total rentable area in operation was approximately 5,000,000 square feet, or 25% more than a year earlier.

Food Fair Properties' operating results reflect not only shopping center income, but also land sales, which are made when excess land, originally acquired in the assembly of shopping center tracts, is sold to other real estate developers. Income resulting from such sales was \$35,000 in 1962 as compared with \$521,000 in 1961. This past January, a large land sale was completed, the profit from which will be reflected in 1963's income statement.

The Company's program for the development of regional shopping centers with department stores is well underway. One such center is scheduled to open near Atlanta, Georgia, late this year, and another in Beloit, Wisconsin, early in 1964. A number of other centers are in the planning stages.

Your Company, which pioneered in the planning, development and operation of shopping centers in 1955, has in the short span of its existence become an organization with \$92,000,000 total assets. From its inception, the Company has elected to pursue a conservative course aimed at building up stockholder equity and financial stability.

For the coming year, continued progress is expected in operating results at a rate consistent with Food Fair Properties' past accomplishments. Rental income will reflect the full year's operation of regional centers opened in 1962.

Once again, the management of your Company takes this opportunity to express sincere appreciation to its employees, merchant tenants and shareholders whose continued interest and cooperation have helped to advance the progress of the Company. With their continued support, we look forward to the new year with confidence.

Sincerely,



Samuel Friedland,  
President

April 10, 1963



Food Fair Properties, Inc., one of the nation's leading shopping center chains, attained new records in 1962. Rental income rose to a new high of \$7,971,866, which compares with the previous record high of \$6,364,633 reported for 1961. Total income, including land sale profits and related items, rose to \$8,276,614 from \$7,058,265 the year before.

The improvement stemmed primarily from the addition of new centers. Added to the chain during the year were two new regional centers near Baltimore plus smaller centers in Cocoa, Florida; Stratford, Connecticut; and Baltimore, Maryland. These brought to 34 the number of fully operating centers in the Food Fair Properties chain on December 31, 1962. Four other centers are partially open or are now under construction.

In January, 1963, the Company completed the sale of a large property adjacent to a shopping center site in Green Springs Manor, Baltimore. Your Company had initially undertaken the development of private homes on this property. However, it was decided to sell the property after a very attractive offer was made by a local developer.

**Cash Flow and Earnings:** Reflecting the rise in revenues and the increased depreciation derived from additional properties, cash flow also rose to new record heights in 1962. Cash flow, excluding land sale profits, representing net income plus depreciation and deferred income taxes, amounted to \$2,377,766, compared with \$1,852,843 the year before. Cash flow, including land sale profits, amounted to \$2,413,206 in 1962 compared with \$2,374,301 the previous year.

In addition to income from shopping center operations, profits are derived on the sale of excess land which has been acquired in assembling a shopping center tract and which other developers then seek. Last year, land sale profits were \$35,440 compared with \$521,458 in 1961.

## REVIEW OF OPERATIONS

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Excluding such land sale profits, operating net income before provision for deferred incomes taxes in 1962 was \$305,947, against \$205,771 in 1961. Including land sale profits, net income before provision for deferred income taxes was \$346,365 in 1962, as compared to \$728,086 in 1961, and after such provision was \$175,281 in 1962 and \$363,009 in 1961.

Food Fair Properties has elected in many instances to use accelerated depreciation schedules permitted by the Internal Revenue Service in computing federal income taxes. As a result, no federal income taxes were payable on 1962 income. For report purposes, straight line depreciation schedules are used.

**Financing:** For the five centers completed during 1962, the Company drew down previously committed mortgage money in the amount of \$14,100,000. Another \$2,500,000 is still to be drawn down. Projects currently under development are covered by commitments amounting to \$3,650,000.

In addition to permanent financing, the Company maintains a \$10,000,000 revolving credit arrangement with a group of leading banks to cover interim construction costs. A \$3,500,000 term loan to finance a portion of the construction costs of regional

shopping centers was fully utilized during the year.

**Capitalization:** At the 1962 year end, the Company's outstanding capitalization consisted of 20,000 shares of 6% cumulative preferred stock and 7,561,897 shares of common stock. A total of 80,000 shares of common stock of the Company is reserved for the exercise of employe options, and an additional 748,450 shares of common stock are reserved for the exercise of warrants over a period ending June 15, 1969.

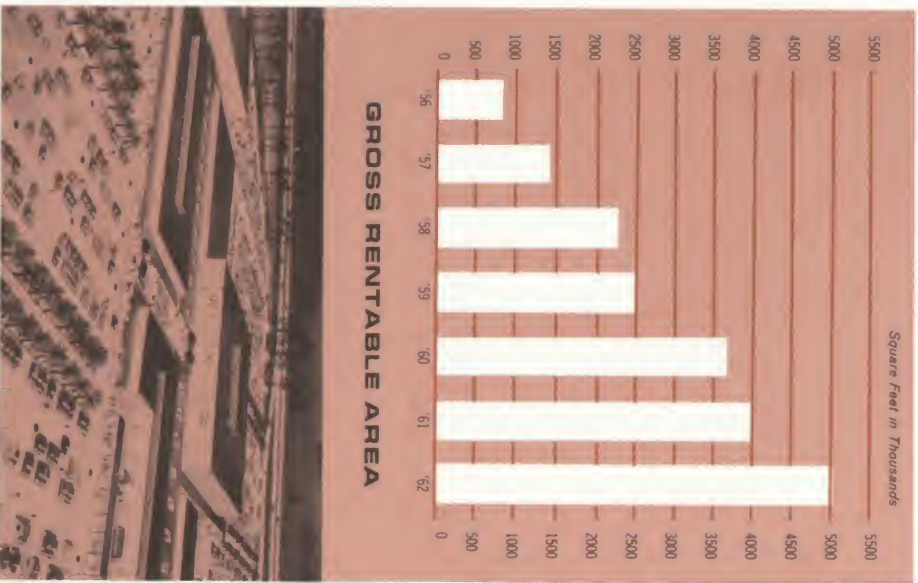
Dividends of \$6 a share, totaling \$120,000, were paid on the preferred stock during the year.

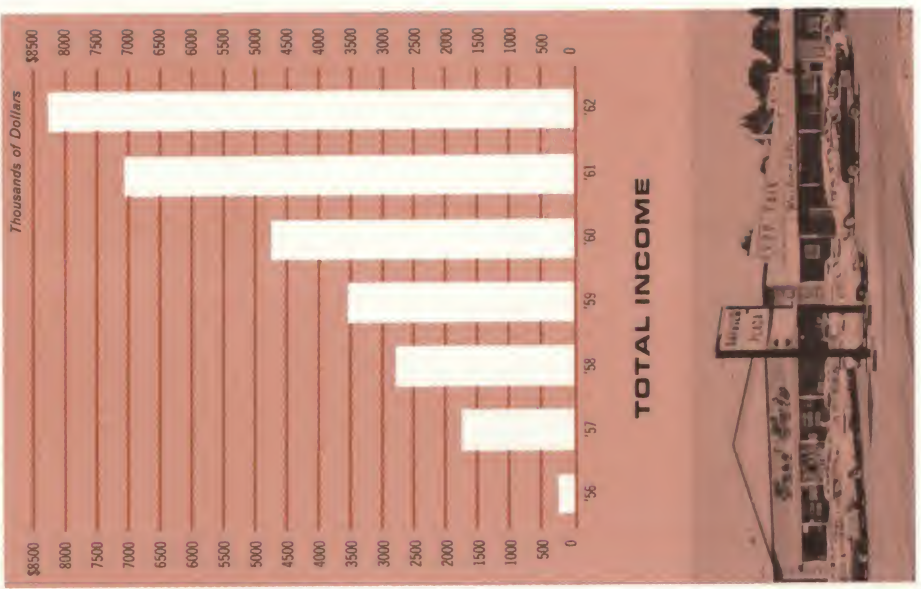
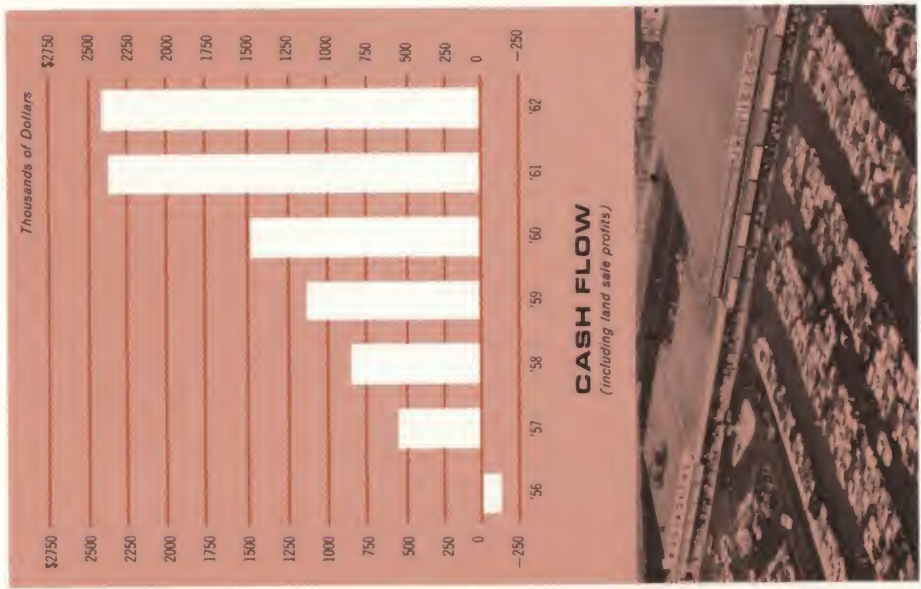
There were approximately 13,000 shareholders of Food Fair Properties, Inc. at the close of 1962.

**Outlook:** In 1963, your Company expects to continue to reap the benefits of the sound planning, financing and operating principles which have guided its operations from the beginning. It is Food Fair Properties' conviction that success in any venture over the long term must be built on solid foundations. The Company has made a conscious effort to establish such a base and confidently looks forward in the months and years ahead to continued growth in the field of shopping center development.



**Annual Shareholders Meeting:** The annual meeting of Food Fair Properties, Inc. will be held on May 7, 1963, at 2 P. M., Eastern Daylight Saving Time, in the Pennsylvania East Room of the Sheraton Hotel in Philadelphia, Pennsylvania. Shareholders who can do so are cordially invited to attend.







# Consolidated Statement of FINANCIAL CONDITION

*Food Fair Properties, Inc., and Subsidiary Companies*

	<b>DECEMBER 31,</b>	<b>DECEMBER 31,</b>
	<b>1962</b>	<b>1961</b>
<b>ASSETS:</b>		
Cash.....	\$ 253,753	\$ 180,402
Mortgages, notes and accounts receivable.....	5,943,172	4,519,020
Investment in and advances to affiliated companies, not consolidated.....	174,046	272,632
Property and equipment, at cost:		
Land (note 1).....	13,894,232	13,135,490
Buildings, less allowance for depreciation—1962, \$7,241,868; 1961, \$5,212,199.....	65,983,935	58,066,091
Fixtures and leasehold improvements, less allowance for depreciation—1962, \$100,220; 1961, \$57,475.....	341,130	255,390
Construction in progress (note 2).....	1,584,804	2,400,662
Deferred charges and other assets:		
Unamortized bond discount and expense.....	2,448,042	2,616,458
Deposits.....	26,336	52,741
Miscellaneous.....	1,275,115	1,092,672
Total assets.....	<u>\$91,924,565</u>	<u>\$82,591,558</u>
Notes payable—banks (note 3).....	\$11,678,300	\$14,130,000
Notes payable—others.....	1,775,000	2,554,000
Accounts payable for construction.....	1,426,019	2,531,430
Accrued interest payable.....	525,297	484,954
Other accounts payable and accrued expenses.....	326,635	717,306
Tenants' idemnity deposits.....	336,159	310,557
Deposits on sale of land and dwellings.....	54,628	
Mortgages payable (approximate amount due within one year—1962, \$2,406,630; 1961, \$1,944,350).....	49,091,547	35,260,147
Deferred Federal and State income taxes payable (relating to accelerated depreciation).....	618,344	453,030
Twenty-year 5½% subordinated debentures, due September 15, 1975, net of bonds reacquired and held in treasury—1962, \$120,400; 1961, \$47,700 (note 4).....	7,531,900	7,628,900
Twenty-five year 6% collateral trust bonds, due June 15, 1984, net of bonds reacquired and held in treasury—1962, \$219,000; 1961, \$353,000 (note 5)	7,080,000	7,080,000
Total liabilities.....	<u>\$80,443,829</u>	<u>\$71,150,324</u>
Capital stock:		
6% cumulative preferred, par \$100; authorized, issued and outstanding 20,000 shares.....	\$ 2,000,000	\$ 2,000,000
Common, par 1¢; authorized, 12,500,000 shares; issued and outstanding —1962, 7,561,897; 1961, 7,561,197 shares (notes 6 and 7).....	75,619	75,612
Capital in excess of par value.....	9,068,612	9,084,398
Retained earnings.....	336,505	281,224
Total stockholders' equity.....	<u>\$11,480,736</u>	<u>\$11,441,234</u>
Total liabilities and stockholders' equity.....	<u>\$91,924,565</u>	<u>\$82,591,558</u>
<b>LIABILITIES:</b>		
<b>STOCK-HOLDERS' EQUITY:</b>		

Consolidated Statement of

CAPITAL IN EXCESS OF PAR VALUE

*Food Fair Properties, Inc. and Subsidiary Companies*

	\$9,084,398
Balance—January 1, 1962.....	
Excess over par value of proceeds received from the sale and issuance of 700 shares of common stock.....	2,443
Costs incident to registration of common stock subject to purchase upon exercise of outstanding warrants.....	( 5,631)
Expenses incurred in the proposed, but never completed, registration of securities for public sale.....	( 12,598)
Balance—December 31, 1962.....	<u>\$9,068,612</u>

*For the year ended  
December 31, 1962:*

Consolidated Statement of

RETAINED EARNINGS

	\$281,224
Balance—January 1, 1962.....	
Net income for the year ended December 31, 1962.....	175,281
Total.....	\$456,505
Less: Preferred stock dividends paid in cash.....	120,000
Balance—December 31, 1962.....	<u>\$336,505</u>

*For the year ended  
December 31, 1962:*

# Consolidated Statement of

# OPERATIONS

*Food Fair Properties, Inc. and Subsidiary Companies*

Year Ended December 31,  
1962                      1961

Income:		
Rents.....	\$7,971,866	\$6,364,633
Interest.....	191,380	84,174
Profit on sale of land.....	35,440	521,458
Miscellaneous.....	77,928	88,000
Total income.....	<u>\$8,276,614</u>	<u>\$7,058,265</u>
Expenses exclusive of depreciation:		
Interest.....	\$3,943,051	\$3,076,810
Amortization of bond discount and expenses.....	152,724	153,595
Rents.....	256,048	250,563
Real estate taxes.....	1,155,310	951,194
Other.....	2,118,763	1,936,867
Total.....	<u>\$7,625,896</u>	<u>\$6,369,029</u>
Less: Amounts transferred to property accounts for acquisition, construction and carrying charges.....	1,763,280	1,693,077
Net expenses exclusive of depreciation.....	<u>\$5,862,616</u>	<u>\$4,675,952</u>
Net income before depreciation.....	\$2,413,998	\$2,382,313
Depreciation.....	2,072,611	1,655,084
Net income before profit on redemption of bonds.....	\$ 341,387	\$ 727,229
Profit on redemption of bonds.....	4,978	857
Net income before taxes on income.....	\$ 346,365	\$ 728,086
Taxes on income.....	171,084	365,077
Net income.....	<u>\$ 175,281</u>	<u>\$ 363,009</u>

**LAVENTHOL, KREKSTEIN & CO.**

*Certified Public Accountants*

NEW YORK  
PHILADELPHIA  
HARRISBURG  
WILKES-BARRE  
LEWISTOWN

1528 WALNUT STREET  
PHILADELPHIA 2, PA.

Food Fair Properties, Inc.  
Philadelphia, Pa.

We have examined the consolidated statement of financial condition of Food Fair Properties, Inc. and its wholly-owned subsidiary companies as at December 31, 1962, and the related consolidated statements of operations, capital in excess of par value and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated statement of financial condition and the related consolidated statements of operations, capital in excess of par value and retained earnings present fairly the consolidated financial position of the companies at December 31, 1962, and the consolidated results of operations for the year then ended, in conformity with generally accepted accounting principles applied on a consistent basis.



Certified Public Accountants

Philadelphia, Pa.  
March 14, 1963



## NOTES TO FINANCIAL STATEMENTS

The following notes are applicable to the financial statements as at December 31, 1962. Reference is made to previously issued report for the notes applicable to the statements as at December 31, 1961.

**NOTE 1**—On January 11, 1963, the company entered into an agreement to sell certain land at approximately \$130,000 in excess of cost.

**NOTE 2**—This amount represents expenditures for building construction, the cost of which, when completed, will approximate \$10,700,000.

**NOTE 3**—The company has entered into a loan agreement with seven banks to borrow, prior to March 31, 1964, up to \$10,000,000 for construction of shopping centers, pending the permanent financing. In 1962, the company borrowed \$9,491,300 and repaid \$15,533,000 under this agreement. From January 1, 1963 to March 14, 1963, the company borrowed \$255,000 and repaid \$150,000.

The company has also entered into a loan agreement with three banks to borrow up to \$3,500,000 for a portion of the construction costs of five regional centers. In 1962, the company borrowed and repaid \$143,000.

**NOTE 4**—These debentures are subject to redemption through sinking fund provisions. The company is required to redeem annually the lesser of \$150,000 principal amount of debentures, or 10% of consolidated net income for the next preceding year, after deduction for dividends on the 6% preferred stock. The bonds reacquired and held in treasury may be used to satisfy sinking fund requirements, which in 1963 will approximate \$5,600.

The indenture relating to these debentures contains certain restrictions as to the payment of cash dividends on common stock and the redemption of any shares of capital stock. At December 31, 1962, the maximum amount of capital so restricted was \$4,366,519. Under the terms of a supplemental indenture dated October 30, 1956, these debentures are subordinated to unsecured bank or construction loans.

A title insurance company is holding \$100,000 of debentures, reacquired and held in treasury, in escrow as indemnity for

alleged title exceptions, which are being contested.

**NOTE 5**—These bonds are secured by a joint and several mortgage on four shopping centers.

The company may, at its election, redeem the bonds, in whole or in part, at various percentages of principal, the highest of which is 101%.

These bonds require semi-annual sinking fund payments, as follows: through June 15, 1966, \$67,000; thereafter, through June 15, 1971, \$90,000; thereafter, through June 15, 1976, \$121,000; thereafter, through June 15, 1981, \$162,000; thereafter, through December 15, 1983, \$204,000.

Bonds reacquired and held in treasury may be used to satisfy sinking fund requirements. A title insurance company is holding \$150,000 of these bonds in escrow as indemnity for alleged title exceptions, which are being contested.

**NOTE 6**—On September 1, 1955, the company granted to its general manager an option, subject to certain conditions and restrictions, to purchase 150,000 shares of common stock at \$1 per share, at the rate of 15,000 shares annually between September 1, 1956 and September 1, 1964, 15,000 shares between September 1, 1964 and April 1, 1965, and 15,000 shares thereafter to September 1, 1965. To December 31, 1962, 90,000 shares had been purchased under the terms of this agreement.

On May 4, 1961, the company granted options to three of its other principal employees, subject to certain conditions, to purchase a total of 20,000 shares of common stock at \$3.625 per share (representing 85% of the fair market value on said date). The options may be exercised to the extent of 4,000 shares per year, but in no event not later than May 3, 1966, when they expire. To December 31, 1962, none of these options had been exercised.

**NOTE 7**—Warrants to purchase 750,000 shares of common stock at \$3.50 per share through June 15, 1969 were sold during June, 1959, in connection with the sale of \$7,500,000 of 6% Collateral Trust Bonds, due June 15, 1984. Warrants to purchase 1,550 shares were exercised to December 31, 1962, and warrants to purchase 748,450 shares are outstanding.

# REISTERSTOWN ROAD PLAZA

*Suburban Shopping at its Best*

Illustrations on this and previous pages depict scenes from Reisterstown Road Plaza in Baltimore, Maryland, one of two new regional centers opened during the past year. Reisterstown Road Plaza, with its wide, handsome, beautifully landscaped malls, represents gracious shopping for the entire gamut of family needs. On over 50 acres of ground, the center contains 44 stores and services, and provides more than 600,000 square feet of rentable area. The second regional center opened in 1962 is Eudowood Plaza, also in the Baltimore area. These bring to six the number of large regional shopping centers operated by Food Fair Properties.



# SHOPPING CENTERS FOOD FAIR PROPERTIES, INC.

*As of December 31, 1962*

## IN FULL OPERATION

### PENNSYLVANIA

Lawrence Park Shopping Center, Broomall  
Shillington Shopping Center, Shillington  
Flourtown Shopping Center, Flourtown  
Stefko Boulevard Shopping Center, Bethlehem  
Lancaster Shopping Center, Lancaster  
Feasterville Plaza, Feasterville  
Parkway Shopping Center, Allentown  
Abington Shopping Center, Abington  
Colonial Park Plaza, Harrisburg  
Pennypack Circle Shopping Center, Philadelphia  
Keyser-Oak Plaza, Scranton  
Cloisters Shopping Center, Ephrata

### NEW YORK

Pearl River Shopping Center, Pearl River  
Baldwin Shopping Center, Baldwin, Long Island

### MARYLAND

Brooklyn Park Plaza, Brooklyn Park  
Arbutus Shopping Plaza, Baltimore  
Liberty Road Shopping Center, Baltimore  
Reisterstown Road Plaza, Baltimore  
Eudowood Plaza, Baltimore

### NEW JERSEY

Middletown Shopping Center, Middletown  
Route 18 Shopping Center, Old Bridge  
Colonia Shopping Plaza, Colonia  
Ellisburg Circle Shopping Center, Delaware Twp.

### FLORIDA

163rd Street Shopping Center, North Miami  
West Hollywood Shopping Plaza, West Hollywood  
Crossroads Shopping Center, St. Petersburg  
Norwood Shopping Center, Miami  
Phillips Highway Plaza, Jacksonville  
Edgewater Shopping Center, Orlando  
Merritt Island Shopping Center, Merritt Island, Cocoa

### CONNECTICUT

Colony Shopping Plaza, Wallingford  
Bayview Shopping Center, Bridgeport  
Boston Avenue Shopping Center, Stratford

### VIRGINIA

Walnut Hill Plaza, Petersburg

## PARTIALLY OPEN OR UNDER CONSTRUCTION

### PENNSYLVANIA

Stadium Shopping Center, Scranton

### NEW JERSEY

Stratford Shopping Center, Stratford

### GEORGIA

Cobb County Center, Atlanta

### WISCONSIN

Beloit Shopping Plaza, Beloit



FOOD FAIR PROPERTIES, INC.

